

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
May 18, 2006
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: Leonard W. Jones, CPA, President; Arthur M. Winstead, Jr., CPA, Vice President; Norwood G. Clark, Jr., CPA; Tyrone Y. Cox, CPA; Thurman L. Gause; and Michael C. Jordan, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; J. Michael Barham, CPA, Deputy Director; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; and Noel L. Allen, Legal Counsel.

GUESTS: James T. Ahler, CEO, NCACPA; Tom Chenoweth, CPA, Highland Publishing Company; Jim Holmes, Past President, NCSA; David Hooker, Past President, NCSA; and Amy Runkel, Manager of CPE Seminars, NCACPA.

CALL TO ORDER: President Jones called the meeting to order at 10:08 a.m.

MINUTES: The minutes of the April 24, 2006, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The financial statements for April 2006 were accepted as submitted.

Messrs. Winstead and Clark moved to approve the 2006-2007 Operating Budget; the 2006-2007 Capital Budget; and undesignating the \$100,000 designated for the computer exam. Motion passed with six (6) affirmative votes and zero (0) negative votes (Appendix I).

LEGISLATIVE AND RULE-MAKING ITEMS: Messrs. Winstead and Jordan moved to approve the following rules to be submitted to the Office of Administrative Hearings for a September 18, 2006, public rule-making hearing: 21 NCAC 08G .0401, .0403, .0404, .0406, .0409, and .0410.

NATIONAL ORGANIZATION ITEMS: Messrs. Cox and Gause moved to approve the response to the Auditing Standards Board (ASB) Exposure Draft on a Proposed Statement on Auditing Standards (SAS). Motion passed.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Winstead moved and the Board approved the following recommendations of the Committee:

200511-067 - Terry Lee Whitford - Messrs. Winstead and Clark moved to approve the signed Consent Order for permanent revocation. Motion passed with six (6) affirmative and zero (0) negative votes (Appendix II).

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE:

Mr. Gause moved and the Board approved the following recommendations of the Committee:

Transfer of Grades Applications - The following was approved:

Sha Wu

Original Certificate Applications - The following were approved:

Tonia Monique Abbott
John Randall Briley
Meghan Coleman Burns
Nathaniel Wayne Clawson
Andrew Kiser Collins
Susan McCoy Cunningham
Spencer Lee Eckard
Kelly Elizabeth Ericson
Stacie Rogers Everhart
Douglas A. Fullerton
Paige Etheridge Gee
Amy Katherine Heath
Leslie Michelle Hedrick
Francesca Donlan Hewitt
Margaret Katharine Jones
Jie Liu
Kevin Patrick McGinnis

David Michael O'Brien
Min Young Pak
Jennifer Ashley Parlier
Marci Haussler Peace
Elizabeth Anne Peterson
Samuel Nicholas Satey
Jason Michael Shepherd
Trenace Reynolds Smith
Timothy Abbitt Snead
Yukiyo Suga
Christopher Hughel Summer
Debbie Ragan Todd
Brandy Garrell Turbeville
William Michael Utt
Catherine Anne Vanatta
Maureen D. Webb
Sha Wu

The Committee reviewed the certificate application submitted by Joanne Leslie Edelman and approved her application (two votes to approve and one vote to disapprove). The full Board also reviewed her application. Messrs. Gause and Winstead moved to approve the application. Motion passed with three (3) affirmative votes, zero (0) negative notes, and Messrs. Cox and Jordan abstaining.

Reciprocal Certificate Applications - The following were approved:

Sheri Harrison Black
Robert Harold Buser
Judith Kopka Champion
Kristy H. Clark
Dale William Gillmore
Jeffrey I. Goldstein
Robert Norman Griffiths
Christopher Douglas Hinchee
David A. Hogg

David J. Manifold
Patrick Douglas Morris
William R. Pierce
Larry Lionel Price
Tamara Ayesha Romany
Edwin Earl Thomas
Christyn Rose Vanaman
Matthew John Vanaman
Adriannia Delores Vaughns

Chad E. West

Temporary Permits - The following temporary permits were approved by the Executive Director and ratified by the Board:

Beth R. Worrell T3594
Jonathan L. Schwartz T3595

Wendy Musick Brewer T3596
Swati C. Amin T3597

Reissuance of New Certificate - An application for reissuance of new certificate and consent agreement submitted by Deborah Carmicle Newsom (#13320) was approved.

Firm Registrations - The following professional limited liability company was approved by the Executive Director and ratified by the Board:

Toler, Bly & Associates, CPA, PLLC

Reclassifications - The Committee approved the following requests for retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

Samuel Donald Blanton #9298
Daniel I. Davis #27080

Carolyn G. Lundin #14640
Walter T. Smith #7244

Extension Requests - The Committee disapproved the following individuals for extension for completion of CPE:

Ruth Lois Artis #17315
Youngsun Cha #30167
David B. DeVane #20031

Kathy L. Kisiel #29091
Heather Elizabeth Sawyers #28313

Miscellaneous - The Committee reviewed a letter from Highland Publishing Company. The Committee members met with Mr. Chenoweth and provided guidance.

CLOSED SESSION: Messrs. Jordan and Winstead moved to enter Closed Session with Executive Staff and Legal Counsel to consider an application matter. Motion passed.

PUBLIC SESSION: Messrs. Gause and Jordan moved to re-enter Public Session to continue with the Agenda. Motion passed.

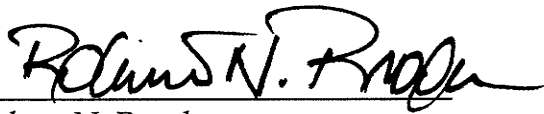
EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: Messrs. Jordan and Winstead moved to approve the Emergency Order for Revocation and Notice for Todd Ellis Swanson, CPA Certificate No. 23573, Case No. 200411-047 and Case No. 200502-025. Motion passed with five (5) affirmative votes and zero (0) negative votes (Appendix III).

Messrs. Jordan and Winstead moved to authorize the Executive Staff to assist in enacting changes to NCGS 93-13 to specify violations; to raise the violation level to a felony; and to increase the minimum and maximum fine levels. Motion passed with five (5) affirmative and zero (0) negative votes.

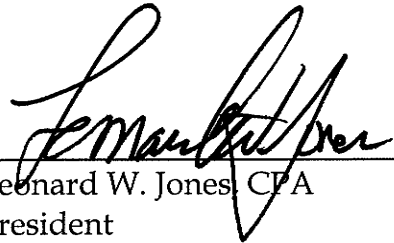
ADJOURNMENT: Messrs. Jordan and Harris moved to adjourn the meeting at 12:25 p.m. Motion passed.

Respectfully submitted:

Attested to by:



Robert N. Brooks
Executive Director



Leonard W. Jones, CPA
President

NORTH CAROLINA STATE BOARD OF CPA EXAMINERS

Appendix I

2006-2007 OPERATING BUDGET

	2005-06 FISCAL YEAR BUDGET	2005-06 ESTIMATED ACTUAL	2006-07 APPROVED BUDGET	REF.
REVENUES	<u>1,822,989</u>	<u>1,900,624</u>	<u>2,009,309</u>	A
EXPENSES				
PERSONNEL	853,316	812,567	903,586	B
BOARD & LEGAL	242,423	239,569	265,385	C
OFFICE	243,180	237,441	239,304	D
EXAMINATION	473,269	502,158	539,988	E
SCHOLARSHIP	0	0	10,000	
BUILDING	<u>33,279</u>	<u>50,942</u>	<u>41,618</u>	F
TOTAL	<u><u>1,845,467</u></u>	<u><u>1,842,677</u></u>	<u><u>1,999,881</u></u>	

2006-2007 CAPITAL BUDGET

	2005-06 FISCAL YEAR BUDGET	2005-06 ESTIMATED ACTUAL	2006-07 APPROVED BUDGET
HARDWARE	9,500	11,116	0
SOFTWARE	63,478	16,729	46,749
OTHER FIXED ASSETS	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
TOTAL	<u><u>92,978</u></u>	<u><u>47,845</u></u>	<u><u>66,749 *</u></u>
TOTAL APPROVED BUDGET			<u><u>2,066,630</u></u>

* Proposed Funding From Undesignated Net Assets

Note: Board staff proposes, as a part of the budget approval process, to undesignate the \$100,000 for the computer exam because of the Board decision not to build a computer exam testing center.

(Rev 5/06)

2006-2007 REVENUE BUDGET

	2005-06 FISCAL YEAR BUDGET	2005-06 ESTIMATED ACTUAL	2006-07 APPROVED BUDGET
EXAMINATION FEES			199,870
INITIAL ADMIN FEES	205,620	179,170	91,950
RE-EXAM ADMIN FEES	68,950	88,200	552,895
EXAM FEES REVENUE	<u>466,769</u>	<u>552,895</u>	<u>844,715</u>
	741,339	820,265	
EXAM REVIEW FEES	2,000	2,100	2,000
EQUIVALENCY EXAM FEES	100	0	0
GRADE TRANSFER FEES	<u>300</u>	<u>150</u>	<u>300</u>
	2,400	2,250	2,300
CERTIFICATE FEES			
INITIAL	45,000 (600)	31,875 (425)	45,000 (600)
RECIPROCAL	30,000 (200/300)	37,100 (280/322)	40,000 (300/350)
RENEWALS	865,000 (17,000/300))	845,455 ((16,565/345))	880,000 (17,250/350)
REINSTATEMENTS	<u>3,750 ((50))</u>	<u>6,575 (88)</u>	<u>3,750 (50)</u>
	943,750	921,005	968,750
FIRM REGISTRATIONS			
PARTNERSHIPS	30,000	33,750	33,000
PC INITIAL	6,000	7,300	7,000
PC RENEWAL	<u>27,500</u>	<u>27,270</u>	<u>27,500</u>
	63,500	68,320	67,500
RENTAL INCOME	<u>0</u>	<u>0</u>	<u>36,544</u>
	0	0	36,544
MAILING LABELS/LISTS	15,000	11,569	12,500
INTEREST	55,000	75,025	75,000
OTHER	<u>2,000</u>	<u>2,190</u>	<u>2,000</u>
	72,000	88,784	89,500
	<u>1,822,989</u>	<u>1,900,624</u>	<u>2,009,309</u>

2006-2007 PERSONNEL EXPENSE

	2005-06 FISCAL YEAR BUDGET	2005-06 ESTIMATED ACTUAL	2006-07 APPROVED BUDGET
FULL TIME STAFF	612,804	594,190	641,525
PART TIME STAFF	11,824	13,600	12,480
TAXES - FICA	47,784	45,431	50,031
RETIREMENT - CONTRIBUTIONS	36,768	35,639	38,492
RETIREMENT - NCLB ADMIN FEE	500	326	500
INSURANCE - HEALTH	112,573	90,615	121,938
STAFF CPE	4,300	2,079	4,300
STAFF TRAVEL	25,263	28,465	32,820
MISCELLANEOUS	<u>1,500</u>	<u>2,222</u>	<u>1,500</u>
	<u>853,316</u>	<u>812,567</u>	<u>903,586</u>

2006-2007 STAFF TRAVEL EXPENSE

	<u>MTGS.</u>	<u>STAFF</u>	<u>DAYS</u>	<u>RATE</u>	
NASBA MEETINGS					4,590
ANNUAL	1	2	5	350/595/220/50	4,970
REGIONAL	1	2	5	680/550/201/50	18,760
ADMINISTRATORS/CPE	1	8	5	500/595/200/50	
OTHER MEETINGS					1,500
PROFESSIONAL					3,000
BOARD VEHICLE					
TOTAL MEETING EXPENSE - B					<u>32,820</u>

2006-2007 BOARD & LEGAL EXPENSE

C

	2005-06 FISCAL YEAR BUDGET	2005-06 ESTIMATED ACTUAL	2006-07 APPROVED BUDGET	REF.
BOARD TRAVEL	60,173	43,458	70,535	C1
PER DIEM	34,500	28,700	34,600	
CLERICAL REIMBURSEMENT	<u>1,750</u>	<u>1,104</u>	<u>1,750</u>	
	96,423	73,262	106,885	
LEGAL COUNSEL FEES - ADMIN	24,000	23,190	24,000	
LEGAL COUNSEL FEES - PROF. STANDARI	110,000	108,875	110,000	
LEGAL COUNSEL FEES - LITIGATION	10,000	36,540	25,000	
INVESTIGATION COST	4,000	3,669	4,000	
COURT REPORTER FEES/LEGAL ADVERTI	3,000	2,614	3,000	
REIMBURSEMENTS	<u>(5,000)</u>	<u>(8,581)</u>	<u>(7,500)</u>	
	146,000	166,307	158,500	
	<u>242,423</u>	<u>239,569</u>	<u>265,385</u>	

2006-2007 BOARD TRAVEL EXPENSE

	<u>NO. MTGS.</u>	<u>BOARD MEMBERS</u>	<u>DAYS</u>	<u>RATE</u>	<u>AMOUNT</u>
REGULAR BOARD MEETINGS					5,280
HOTEL	12	4	1	110	1,920
MEALS	12	4	1	40	9,240
TRAVEL	12	7		110	<u>16,440</u>
NASBA ANNUAL MEETING					7,700
HOTEL		7	5	220	1,750
MEALS		7	5	50	2,450
TRAVEL		7		350	4,165
REGISTRATION		7		550	<u>16,065</u>
NASBA REGIONAL MEETING					7,035
HOTEL		7	5	201	1,750
MEALS		7	5	50	4,760
TRAVEL		7		680	3,850
REGISTRATION		7		550	<u>17,395</u>
NASBA COMMITTEE MEETING					4,200
HOTEL	7	1	3	200	1,050
MEALS	7	1	3	50	2,800
TRAVEL	7	1		400	<u>8,050</u>
NASBA CPE CONF.					1,800
HOTEL		3	3	200	450
MEALS		3	3	50	1,500
TRAVEL		3		500	1,185
REGISTRATION		3		395	<u>4,935</u>
ICPA COUNCIL & COMMITTEE MTG					4,500
HOTEL	6	1	2.5	300	750
MEALS	6	1	2.5	50	2,400
TRAVEL	6	1		400	<u>7,650</u>
					<u>70,535</u>

2006-2007 PER DIEM EXPENSE

	<u>PER DIEM</u>	<u>BOARD MEMBERS</u>	<u>DAYS</u>	<u>AMOUNT</u>
REGULAR MEETINGS (12)	100	7	2	16,800
PROFESSIONAL MEETINGS	100	7	6	4,200
NASBA				3,500
ANNUAL MEETING	100	7	5	3,500
REGIONAL	100	7	5	2,100
COMMITTEE	100		21	700
CPE	100	3	4	
AICPA				800
COUNCIL	100	1	8	3,000
COMMITTEE	100	1	24	
TOTAL MEETINGS - C				<u>34,600</u>

2006-2007 OFFICE EXPENSE

	<u>2005-06 FISCAL YEAR BUDGET</u>	<u>2005-06 ESTIMATED ACTUAL</u>	<u>2006-07 APPROVED BUDGET</u>
OFFICE DECORATIONS	500	182	500
EQUIPMENT RENT	1,000	270	1,000
PRINTING	47,000	37,973	42,000
POSTAGE	90,690	79,602	85,000
SUPPLIES	12,000	11,795	12,000
TELEPHONE	10,500	7,828	8,000
INTERNET & WEBSITE	6,500	8,433	9,000
SUBSCRIPTIONS	4,000	5,259	4,500
REPAIRS & MAINTENANCE	5,000	5,815	20,884
CLIPPING SERVICE	1,750	2,987	3,000
COMPUTER PROGRAM ASSISTANCE	18,250	21,747	1,500
COMPUTER SOFTWARE	10,000	10,031	1,500
DUES	7,090	6,975	7,090
INSURANCE	3,500	2,062	9,930
MISCELLANEOUS	1,000	1,248	1,000
AUDIT FEES	7,000	5,660	7,000
CREDIT CARD FEES	15,000	20,679	22,500
BANKING FEES	1,000	2,730	1,500
CONSULTING SERVICE	0	4,660	0
PAYROLL SERVICE	<u>1,400</u>	<u>1,505</u>	<u>1,400</u>
	<u><u>243,180</u></u>	<u><u>237,441</u></u>	<u><u>239,304</u></u>

2006-2007 EXAMINATION EXPENSE

E

	<u>2005-06 FISCAL YEAR BUDGET</u>	<u>2005-06 ESTIMATED ACTUAL</u>	<u>2006-07 APPROVED BUDGET</u>
EXAM SITTING & GRADING	466,769	499,533	499,533
EXAM POSTAGE	4,000	2,000	3,000
EXAM SUPPLIES	1,000	35	1,000
EXAM PRINTING	1,500	590	1,500
EXAM COUPON	<u>0</u>	<u>0</u>	<u>34,965</u>
	<u><u>473,269</u></u>	<u><u>502,158</u></u>	<u><u>539,998</u></u>

2006-2007 BUILDING EXPENSE

	2005-06 FISCAL YEAR BUDGET	2005-06 ESTIMATED ACTUAL	2006-07 APPROVED BUDGET
BUILDING MAINTENANCE	6,000	(776)	5,000
ELECTRICITY	11,109	9,613	11,000
GROUNDS MAINTENANCE	1,700	1,200	2,200
HEAT & AIR MAINTENANCE	1,800	2,306	2,800
IMPROVEMENTS	1,000	28,329	8,000
INSURANCE	2,183	1,953	2,183
JANITORIAL MAINTENANCE	6,500	6,139	7,000
TRASH COLLECTION	835	34	835
WATER & SEWER	600	683	1,000
SECURITY	1,352	1,336	1,400
PEST CONTROL	200	125	200
	<u>33,279</u>	<u>50,942</u>	<u>41,618</u>

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

CASE #: 200511-067

IN THE MATTER OF:
Terry Lee Whitford, #14910
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 14910 as a Certified Public Accountant.
2. Respondent failed to timely file his individual federal and state tax returns for 2000, 2001, 2002, and 2003. No additional tax was owed on the unfiled individual state returns. Additional tax in the amount of \$1,663.00 was owed on the 2002 individual federal tax return.
3. On November 23, 2005, Respondent entered a guilty plea to four (4) counts of willfully failing to file his North Carolina individual tax returns for 2000, 2001, 2002, and 2003. Respondent was thereupon convicted and sentenced to thirty (30) days in custody, which sentence was suspended, and Respondent was placed on twelve (12) months of unsupervised probation. In addition, Respondent was required to pay a five hundred dollar (\$500.00) fine and the costs of court.
4. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

Consent Order - 2
Terry Lee Whitford

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)e and 21 NCAC 8N .0201, .0202 (a), .0203(b)(1), and .0207.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent, Terry Lee Whitford, is hereby permanently revoked.

CONSENTED TO THIS THE 15TH DAY OF April, 2006.

Terry Lee Whitford
Respondent

APPROVED BY THE BOARD THIS THE 18th DAY OF May, 2006.



NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: [Signature]
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #s: 200411-047 and 200502-025

IN THE MATTER OF:
Todd Ellis Swanson, #23573
Respondent

EMERGENCY ORDER
FOR REVOCATION and NOTICE

Upon substantial evidence including sworn complaints, the Board finds that Respondent has engaged in general and specific conduct demonstrating that he is no longer fit to continue to hold a certificate as a Certified Public Accountant. Specifically, during the period of time in which he has been a licensee and has been engaged in rendering accounting services to the public, there is substantial evidence that Respondent committed each of the following acts or omissions in violation of the North Carolina accountancy laws and rules (GS §93-12 (9) d and e, and 21 NCAC 8N .0201, .0202, .0203, .0207, .0210, .0212, .0301 (a), .0303, and .0305):

1. In November of 2004, the Board received a complaint from a representative of Chevy Chase Bank, F.S.B., regarding letters prepared and signed by Respondent in support of an unlawful mortgage debt elimination scheme.
2. In February of 2005, the Board received a complaint from a representative of Downey Savings and Loan Association, F.A., regarding letters prepared and signed by Respondent in support of an unlawful mortgage debt elimination scheme.
3. These complaints were also filed with the South Carolina Board of Accountancy since Respondent is licensed in both jurisdictions; however, Respondent lives and works in South Carolina.
4. Pursuant to a hearing before the South Carolina State Board of Accountancy on October 27, 2005, the South Carolina State Board of Accountancy entered a Final Order (Attachment 1) which was signed and issued on December 30, 2005, in the matter of Todd Ellis Swanson, CPA, a/k/a Todd-Ellis; Swanson, CPA, License #4808.
5. The South Carolina State Board of Accountancy, based upon a preponderance of the evidence on the whole record, determined the Findings of Fact as listed in the Final Order pages 1 -3, numbers 1-10.

Emergency Order - 2
Todd Ellis Swanson

6. The South Carolina State Board of Accountancy, based upon careful consideration, determined the Conclusions of Law as listed in the Final Order pages 3-5, number 1-8.
7. In the Final Order, the South Carolina State Board of Accountancy revoked Respondent's South Carolina certificate and ordered that Respondent could not apply for the issuance of a new South Carolina certificate for a period of not less than three (3) years.
8. The Board finds that in light of the seriousness of the allegations and substantial evidence establishing the conduct in question, as well as evidence of the imminent danger of continued and irreparable harm to the public, the t public welfare requires this emergency action.

The Board therefore issues this Emergency Order, pursuant to N.C.G.S. §150B-3(c), to revoke Respondent's certificate as a Certified Public Accountant. This Order is effective immediately at the time of service of this Order upon Respondent, and shall remain in effect until this proceeding may be concluded pursuant to NCGS §150B. This Order shall constitute the Notice of Hearing to be held for this matter in the Board Office on August 21, 2006, at 10:00 a.m.

Adopted by a vote of 5 to 0 by the Board on this the 18 day of May 2006.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: _____

President

